

[For Immediate Release]



**Embry Holdings Limited
Announces 2022 Annual Results**

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**Optimised Sales Network
Integrated the Online and Offline Sales to Achieve Optimal Channel Coverage**

(23 March 2023 – Hong Kong) **Embry Holdings Limited** (“Embry Group” or the “Group”; Stock Code: 1388), a major lingerie brand owner and retailer in China, announces its annual results for the year ended 31 December 2022 (the “Current Year”) today.

During the Current Year, revenue was HK\$1,334,269,000, representing a decrease of 19.25% from the year ended 31 December 2021 (the “Prior Year”), mainly attributable to the continued depreciation of Renminbi and the continued weak consumer sentiment as a result of multiple resurgence of the coronavirus (COVID-19) in China and imposition of strict quarantine measures or lockdown restrictions in some cities in China, which led to the suspension of business at some of the Group’s points of sale. Gross profit margin increased by 2.0 percentage points to 75.0%. Loss attributable to owners of the Company increased to approximately HK\$51,239,000 due to the decrease in operating income and the decrease in other income and gains. Loss per share was HK12.13 cents.

Although the pandemic control has been gradually relaxed, it will take time for the pandemic to recede and for life to return to normal, and the economic outlook remains uncertain. Therefore, the board of directors has resolved not to recommend the payment of a final dividend. The Company believes that this measure is a prudent and responsible means of preserving cash for the long-term financial health of the Group.

Reviewing the Group’s operation in the past year, Ms. Liza Cheng, Chief Executive Officer and Executive Director of Embry Group, said, “In 2022, the COVID-19 continued to mutate and spread rapidly, resulting in repeated and multiple outbreaks in China. Coupled with the Russia-Ukraine conflict, the U.S. interest rate hike together with balance sheet shrinkage and depreciation of Renminbi, China’s economy was significantly under pressure. The slowdown in economic growth directly affected the retail consumer market. Consumer sentiment continued to be sluggish, especially in the sub-essential underwear retail market, and the business environment remained challenging.”

In 2022, the Group continued to make good use of the advantages of its multi-brand strategy and adjusted marketing arrangements in response to market demand for its seven brands, namely **EMBRY FORM**, **FANDECIE**, **COMFIT**, **E-BRA**, **IVU**, **IADORE** and **LIZA CHENG**. The Group catered to the increasingly segmented market by highlighting unique brand personalities to fulfil the needs and preferences of varying customer groups. The Group enhanced its brand competitiveness and expanded market coverage while consolidating its flagship brands, **EMBRY FORM** and **FANDECIE**, which contributed the majority of sales.

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Among the seven brands operated by the Group, **EMBRY FORM**, the flagship brand, and **FANDECIE**, the young and energetic brand, are the main sources of income for the Group and their contributions to the total revenue accounted for 52.25% and 19.05%, respectively. **EMBRY FORM**'s revenue amounted to HK\$697,133,000, which decreased by 14.90% from the Prior Year. **FANDECIE**'s revenue amounted to HK\$254,143,000, which decreased by 25.58% from the Prior Year. The other brands **E-BRA**, **COMFIT**, **IVU**, **IADORE** and **LIZA CHENG**'s revenue for the Current Year amounted to HK\$375,360,000, accounting for 28.13% of the overall revenue.

During the Current Year, revenue from retail sales was HK\$877,155,000, accounting for 65.74% of the Group's total revenue and representing a decrease of 28.42% from the Prior Year. The Group recorded an increase in sales on e-commerce platforms. Revenue from the Internet increased by 14.21% to HK\$411,478,000 in 2022, accounting for 30.84% of the total revenue. The increase was mainly due to the overall e-commerce business growth resulting from the increasing reliance of consumers on online shopping during the pandemic.

During the Current Year, the selling and distribution expenses decreased by 19.04% to HK\$859,270,000, accounting for 64.40% of the Group's revenue. The decrease in expenses was mainly attributed to the strict cost control of the Group while the ratio of selling and distribution expenses to overall sales remained at the same level as compared with that in the previous year.

In 2022, the Group continued to optimise its sales network. As of 31 December 2022, the Group had 1,084 retail outlets in total, including 915 concessionary counters and 169 retail stores, representing a net decrease of 167 retail outlets as compared to the end of 2021. The Group seized the opportunity of online sales, and actively explored and developed the online shopping market to improve the overall operational efficiency of its sales network. The Group strategically adjusted its store network and appropriately integrated the proportion of online and offline sales to achieve optimal channel coverage.

In terms of brand promotion, the Group suspended most of its offline brand promotion in 2022 due to multiple resurgence of the pandemic and focused on online promotion, reserving resources for optimal promotion when the market sentiment recovers. The Group kept abreast of the traffic trends and made use of social media platforms to promote its brands and strengthened the development of underwear styles exclusively for e-commerce. The Group continued to cooperate with Internet celebrities to promote its brands and products, increasing brand exposure and market penetration. The Group also leveraged customer interactions to build good customer relationships and enhance brand loyalty.

In response to the national dual carbon strategic objectives of "carbon peak" and "carbon neutrality", the Group constructed the first phase of the photovoltaic power generation project of the plant in Shandong which will be test-run soon to increase the proportion of green power generation of the Group. To further let consumers understand Embry's long-standing brand philosophy of sustainable green development, the Group held **Embry Form**'s "MADE IN GREEN" environmental protection theme exhibitions during the year and launched the "Jungle Secret" series designed by an internationally renowned underwear designer, including a variety of underwear products that combine green living and fashionable aesthetics. The Group also invited an international supermodel to become **Embry Form**'s green and healthy experience officer to deliver the message of green and healthy living to consumers and further promote the Group's sustainable low-carbon concept. Besides, following the trend of 'China-chic', the Group launched a variety of 'China-chic' underwear products in line with Chinese festivals and wedding traditions during the Year, and collaborated with young artists to create the "Xi Le Jia An (《囍樂家安》)" red product theme painting and produce a series of online and offline promotional materials, building the brand value of **Embry Form**'s 'China-chic' products.

Looking ahead to 2023, with the gradual relaxation of domestic pandemic prevention and control at the beginning of the year, the market expects a mixed recovery in the overall economy in the first half of the year. The pace of recovery will vary across sectors, but the overall pace remains below the normal level and it will not return to normal growth until the second half of the year or later. Given the uncertain global economic and political environment, the Group expects that it will take some time for the consumer sector to fully recover. It is expected that the recovery of sub-essential underwear market will lag behind the overall market.

Ms. Cheng concluded, “The Group will prudently respond to the current economic environment, pay close attention to the trends of the consumer market, continue to review and adjust its business strategies, and continue to explore different segmented markets to grasp the opportunity of growing e-commerce sales in the post-epidemic era, strive to expand the market share of its brands in the online retail market and optimise its sales network. The Group will continue to leverage on the advantages of resource deployment through its self-production and self-distribution model as well as the ancillary logistics facilities of intelligent finished goods and materials warehouses to enhance production and logistics efficiency, and respond more quickly to market demand. The Group will uphold its commitment to quality, respond to market changes with a flexible and effective multi-brand strategy, and strive to create long-term value for shareholders through prudent allocation of resources.”

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About Embry Holdings:

Embry is a major lingerie brand owner and retailer in China, which has established an extensive retail network comprising around 1,000 outlets that cover major cities in China, including Hong Kong and Macau. Embry operates seven brands namely, **EMBRY FORM**, **FANDECIE**, **COMFIT**, **E-BRA**, **LIZA CHENG**, **IADORE**, and **IVU** with each of them targeting at different customers.

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